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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

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November 3, 2004

Ms. Joyce Sonn, Program Director  
Youth, Education and Health in Soulard  
1921 S. Ninth St.  
St. Louis, Missouri 63104

RE: Fiscal Monitoring Report of Youth, Education and Health in Soulard  
(#2005-SLATE 1)

Dear Ms. Sonn:

Enclosed is a report of our fiscal monitoring review of Youth, Education and Health in Soulard (Contract #215-05) for the period July 1, 2004 through August 31, 2004. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Youth, Education and Health in Soulard. Our fieldwork was substantially complete on September 24, 2004.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and an agreement with St. Louis Agency on Training and Employment (SLATE) to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact me at 613-7257.

Sincerely,

A handwritten signature in cursive script that reads "Dwayne Crandall".

Dwayne Crandall, MHA, CIA, CPA  
Internal Audit Supervisor

cc: Honorable Darlene Green, Comptroller  
Edward T. Jones, Director, St. Louis Agency on Training and Employment

Enclosure



# CITY OF ST. LOUIS

*ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT (SLATE)*

*YOUTH, EDUCATION AND HEALTH IN SOULARD  
CONTRACT #215-05*

*FISCAL MONITORING REVIEW*

*JULY 1, 2004 THROUGH AUGUST 31, 2004*

*PROJECT #2005-SLATE1*

*DATE ISSUED: NOVEMBER 3, 2004*

*Prepared by:  
The Internal Audit Section*

*at*



## OFFICE OF THE COMPTROLLER

*Honorable Darlene Green, Comptroller*

**CITY OF ST. LOUIS**  
**ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT**  
**YOUTH, EDUCATION AND HEALTH IN SOULARD**  
**CONTRACT #215-05**  
**FISCAL MONITORING REVIEW**  
**JULY 1, 2004 THROUGH AUGUST 31, 2004**

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**CITY OF ST. LOUIS  
ST. LOUIS AGENCY ON TRAINING AND EMPLOYMENT  
YOUTH, EDUCATION AND HEALTH IN SOULARD  
CONTRACT #215-05  
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**INTRODUCTION**

**Background**

**Contract Name:** Youth, Education and Health in Soulard  
**Contract Number:** #215-05  
**Contract Period:** July 1, 2004 through June 30, 2005  
**Contract Amount:** \$109,395.00

This contract provides St. Louis Agency on Training and Employment (SLATE) funds to Youth, Education and Health in Soulard for its youth program. The program provided the following services; attainment of basic skills, work readiness or occupational skills training, and General Education Diploma (GED). Also, the program assists youth to obtain unsubsidized employment. The program is designed to service twenty-three (23) out-of-school youths over the course of the regular fiscal year.

**Purpose**

The purpose of our review was to determine Youth, Education and Health in Soulard's compliance with federal, state and local SLATE requirements for the period July 1, 2004 through August 31, 2004, and make recommendations for improvements.

**Scope and Methodology**

We made inquiries regarding Youth, Education and Health in Soulard internal controls relating to the grant administered by SLATE, tested evidence supporting the reports the Agency submitted to SLATE and performed other procedures considered necessary. Our fieldwork was substantially complete on September 24, 2004. Management's response was received on November 1, 2004 and incorporated into this report.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS  
AND MANAGEMENT'S RESPONSES**

**Conclusion**

Youth, Education and Health in Soulard did not fully comply with federal, state, and local SLATE requirements.

**Status of Prior Observations**

The Agency's most recent fiscal monitoring report dated November 26, 2003 identified the following observations:

- Non-compliance with OMB Circular A-133 Single Audit Requirements  
(Repeated.)

**A-133 Status**

The Agency's A-133 audit report for the year ended September 30, 2003 was not provided. It appears the Agency is not in compliance with OMB Circular A-133 audit requirements.

**Summary of Current Observations**

1. Payroll expenditures exceeded allowable amount.
2. OMB Circular A-133 Single Audit Report not filed timely.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS**  
**AND MANAGEMENT'S RESPONSES**

**1. Payroll Expenditures Exceeded Allowable Amount**

In accordance with contract #215-05, page 5 paragraph 16, the Budget Section states, "No more than the specified amount as stated in the Budget Section ... may be spent for the per performance unit cost or by activity or the outlined cost categories and/or activities on a line-by-line basis as outline in the contract budget, without prior written approval of the St. Louis Agency on Training and Employment." Also, it states, "It shall be the Contractee's responsibility to monitor the spending activities in order to avoid over-expenditure of any line item, and to take the appropriate action to avoid over-expenditures."

Youth, Education and Health in Soulard's August 31, 2004 reimbursement report had \$181.85 in questioned cost. Contract #215-05 specified that SLATE would reimburse the Agency 15 % of the Fiscal Manager's biweekly gross salary. The contract stated the manager's salary at \$1,442.31, thus it allowed \$216.34 reimbursement for each pay period. IAS reviewed the two pay periods ended July 30, 2004 and August 13, 2004 and noted the Fiscal Manager's gross pay was only \$873.26 and \$798.94 respectively for each pay period. Therefore, at 15% of actual gross pay, the reimbursed amount should have been only \$130.99 and \$119.84 respectively for a total of \$250.83. However, the Agency requested \$432.68 based on the salary as shown in the contract. The \$181.85 difference is questioned cost.

The Agency submitted an inaccurate reimbursement report which indicates the Agency was not in compliance with contract #215-05, Budget Section. Therefore, at the end of the contracted period the Agency may be over paid for the Fiscal Manager line item.

**Recommendation**

We recommend the Youth, Education and Health in Soulard comply with contract #215-05 and submit accurate reimbursement reports. Also, the Agency should review prior reimbursement reports to determine if any additional questioned cost exists. Then submit a check to SLATE in the amount of \$181.85 for August 31, 2004 questioned cost plus any additional amount over-expended, for example FICA taxes.

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Management's Response

*[Our] accountant discussed this finding with members of your staff. The budget included funding for 15% of our Fiscal Manager's fulltime salary. This individual was released from employment on July 6, 2004. In the period since her release the duties relating to our SLATE contract have been divided between our one parttime employee and our Accountant. These combined costs equal or exceeded the amount budgeted for bookkeeping services related to this grant. We therefore do not agree that the amount billed exceeds the amount budgeted. We will submit documentation of these combined costs in our October Billing to SLATE and ask SLATE if there is a need to amend our budget.*

**2. OMB Circular A-133 Single Audit Report not filed timely**

The contractual agreement page 6, paragraph #21 states, "all government and non-profit organizations are required to follow the audit requirements of OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations. The Agency's fiscal year ended September 30, 2003. The audit report was due to the Federal Clearinghouse nine months after the fiscal year end date. Therefore, the report should have been submitted by June 30, 2004.

Our review began September 24, 2004 and we requested and did not receive a copy of the Agency's fiscal year 2003 A-133 Report. The Agency stated the report was not available but they would mail a copy to us when available. We have not received a copy of the A-133 Report as of the date of this report. Because the Agency has failed to comply with OMB Circular A-133 it could lose funding for their Youth Service program.

**Recommendation**

We recommend the Agency have an audit in accordance with OMB Circular A-133 regulations.

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Management's Response

*We concur with this finding. Our auditors have completed the A-133 Audit Report for our organization's fiscal year ending 9/30/03 and will be releasing it shortly. [We] will submit it to you under separate [cover] as soon as [we] receive it. The release of our Fiscal Manager in July delayed the completion and release of this audit and prevented its timely submission.*